

Profile of China's Middle Class

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Since the beginning of this century a social group with higher levels of income and educational and occupational prestige has been emerging in Chinese cities. In the popular media it is known as the middle class. Even though people dispute the exact definition of the term middle class, there is no doubt that this group exists in China and is expanding quickly.

The group has attracted increasing attention from the public, business leaders, and policymakers, as well as from researchers in sociology, economics, and politics. Sociologists especially have had a long-standing interest in the group and have discussed many aspects of it. However, because this middle class is newly emerging and its boundaries and attributes are unclear, these discussions provide very different, sometimes contradictory, descriptions of China's middle class. This chapter, based on data from several national surveys, attempts to present a general profile of China's middle class by elucidating the competing Chinese definitions and assessments of the middle class.

Based on a general description of China's middle class, the chapter deals with two important issues concerning the Chinese middle class. The first is definitional. The existing literature on the Chinese middle class contains various definitions of middle class, which provide very different pictures.¹ These disparate understandings of China's middle class reflect the uncertain condition and ambiguous boundary of this newly emerging group. Further, this definitional confusion has seriously disrupted research into China's middle class. The chapter distinguishes the various definitions, illustrates their exact meanings, and proposes a sociological concept of the middle class that can be accepted by a consensus of Chinese sociologists.

The second issue involves a sociological debate over the Chinese middle class. Is the Chinese middle class only a statistical category based on certain criteria such as income, education, and occupation? Or is it a real class in the sociological sense with sociopolitical homogeneities? This would mean that its members have developed a coherent identity, a

class culture, and sociopolitical attitudes and values and have probably taken some class action. By defining the components of the Chinese middle class and describing its characteristics, this chapter examines the homogeneities or heterogeneities of the alleged middle class so as to assess the possibility of the formation of a true class.

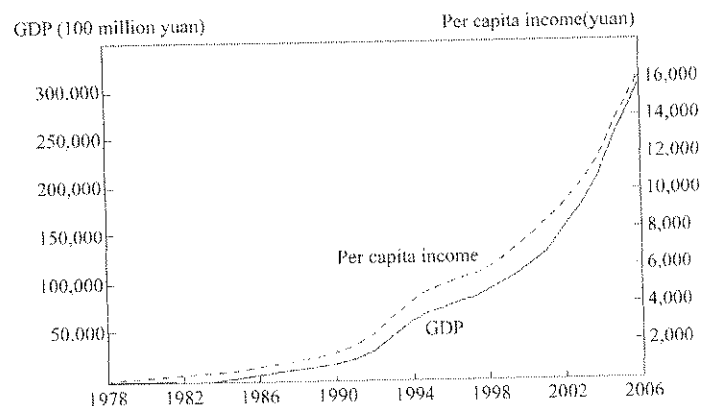
This study is based on data from a variety of sources, including the national census (1982, 1990, and 2000) and a 1 percent population survey (2005) conducted by the National Bureau of Statistics; a household income survey of Chinese cities (1988, 1995, and 2002) conducted by the Institute of Economics at the Chinese Academy of Social Sciences; a national survey on social structure change (2001); the China General Social Survey (2006); and the Beijing Middle Class Survey (2007) carried out by the Institute of Sociology at the Chinese Academy of Social Sciences.²

Emergence of the Middle Class

Discussion of the middle class in the Chinese academic community first began in the mid-1980s, but few people considered it to be a truly existing entity until the beginning of this century.³ Only over the last decade have most Chinese people begun to recognize the emergence of a middle class, owing to the cumulative effects of the fast socioeconomic development of recent decades.

Economic and Income Growth

Stable and fast economic growth over the last few decades provided a foundation for the emergence of China's middle class. Figure 1 illustrates China's GDP growth and



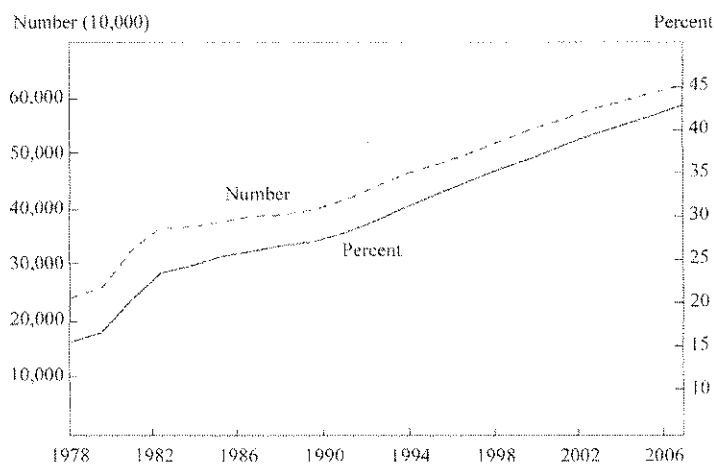
Source: Statistics Bureau of China, *Zhongguo Tongji Nianjian* [China statistical yearbook] (Beijing: China Statistics Press, 2009), p.53.

Figure 1 GDP and Family Income, China, 1978-2006

income growth in recent decades. In 1978 China's GDP was only 364.5 billion Chinese yuan, but it reached 21,087.1 billion yuan by 2006, nearly fifty-eight times the 1978 figure. The average annual economic growth over these twenty-eight years was more than 13 percent. Alongside this fast economic growth, per capita family income also increased significantly. In 1978 per capita family income for urban areas was only 342.4 yuan, but by 2006 it had increased to 11,759.5 yuan, a thirty-four-fold increase.

Urbanization

Urban expansion and an increase in the urban population afforded favorable conditions for the emergence of a middle class in China. In 1978 there were only 193 cities in China. By 2007 the number had increased to 651. The urban population increased steadily during this period, as shown in Figure 2. It increased from 173 million in 1978 to 594 million in 2007. However, the rural population in China still remains very large. Today about 55 percent of the population lives in rural areas. Most of them have low incomes, low educational levels, and disadvantageous living conditions. Because of such a huge rural population, the middle class is still a small proportion of China's national population despite growing very quickly in cities.

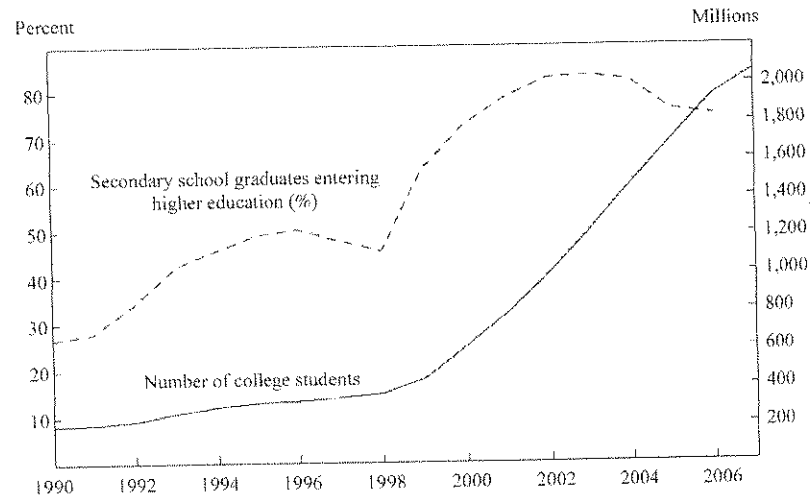


Source: Bureau of China, *Zhongguo Tongji Nianjian* [China statistical yearbook] (Beijing: China Statistics Press, 2009), p. 95.

Figure 2 Urbanization of China, 1978~2007

Higher Education and White-Collar Jobs

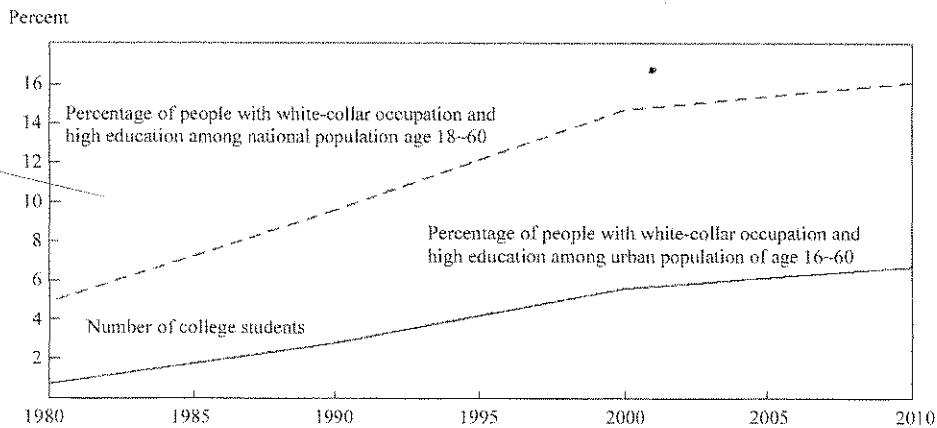
The expansion of higher education and the growth in white-collar jobs have also stimulated the rise of the middle class in China. Figure 3 shows the trend of expansion of higher education in China between 1990 and 2007. Since 1999, when the government announced a policy to vastly expand higher education enrollment, the number of the college students and the opportunities to pursue higher education have increased sharply. Over the five years following 1999, the number of college students increased four times, and the opportunity to pursue higher education almost doubled.



Source: Bureau of China, *Zhongguo Tongji Nianjian* [China statistical yearbook] (Beijing: China Statistics Press, 2009), p. 651.

Figure 3 College Students Before and After 1999 Policy Change, China, 1990-2007

At the same time, the number of persons with higher education among the population has been increasing significantly. In the 1980s, among the population over eighteen years old, only about 1 percent nation-wide and 11 percent in cities had received higher education. In 2005 the percentages had increased to 7 percent and 17 percent, respectively. Moreover, China has witnessed a corresponding increase in the number of white-collar employees. In 1982 about 7 percent of the national population over eighteen years old held white-collar jobs. By 2005 this percentage had increased to 12 percent. Figure 4 shows the increase of the population with white-collar jobs and higher education. These people constitute the major part of the new middle class, and expansion of this group implies an enlargement of the middle class.



Source: Census data of 1982, 1990, 2000; 1 Percent Population Sample Survey of 2005.

Figure 4 Number of Persons with White-Collar Occupations and Higher Education, China, 1980~2010

Definitions of Middle Class

Who makes up the middle class? What is the actual definition of middle class? These are highly controversial questions in China. There are many different and conflicting definitions. Usually four criteria are used to define the middle class in China. The first is income. A member of the middle class should be a person with relatively high and stable income. The second criterion is occupation. A member of the middle class should be a person holding a professional or managerial job. The third criterion is education. A middle-class person should have received a higher education. The fourth criterion is consumption. A member of the middle class should be able to afford a comfortable lifestyle and should enjoy a relatively high standard of living.

At present, there are at least three major perspectives of the middle class in China: the public image of the middle class, the government's official description of the middle class, and sociologists' definition of the middle class. Each version highlights one or two of the criteria mentioned above. Different concepts of middle class can denote quite diverse social groups. In addition, there is large disparity in the size of China's middle class depending on the definition.

Public Image of the Middle Class

The public image of the middle class was initially derived from advertisements for real estate, automobiles, and other expensive commodities.⁴ These advertisements, printed in

newspapers and magazines, featured beautiful pictures of these commodities and the people enjoying them. Expensive commodities thereby became a symbol of the middle class. TV dramas, novels, and other mass culture phenomena further elaborated and enriched this image of the middle class predicated upon the consumer behaviors and lifestyles of the rich.⁵ It contributed to a Chinese impression of the middle class consisting of business people, managers, and intellectual elites with very high incomes and consumer habits.

By this definition, consumption is the decisive criterion to distinguish the middle class from other classes. The middle class is expected to be able to afford large houses, luxurious cars, and other expensive goods. They wear name-brand suits, work in modern office buildings, go abroad for holidays, invest in the stock market, and send their children to study abroad. This image of middle class created by the public media and business people has become the dominant definition of middle class in China.

It is very different from the concept of middle class in Western societies, where middle class usually means regular people in the middle of the socioeconomic hierarchy. In China, however, the middle class is considered by the public to be a special group with quite high socioeconomic status. By the sociological definition, discussed below, these people belong to the upper class or upper-middle class. According to the public definition, the size of China's middle class is very small, usually thought to be less than 8 percent of the total population.

Government's Definition of the Middle Class

China's authorities have long disliked the term middle class for political reasons. The term was almost prohibited from formal publications during the 1990s. This was because the term had acquired political connotations when it was referenced by liberal scholars during the 1980s. At the time, middle class mainly denoted private entrepreneurs, a newly emerging social group in the 1980s, which developed quickly in the 1990s. Liberal intellectuals thought the growth of this social group would bring about political changes, such as political democratization. Accordingly, authorities have continued to deem the middle class a threat to the existing political system.⁶

In the late 1990s a few influential sociologists argued that a large middle class was one of the general characteristics of modern societies and could be a stable force, not an unstable force, for society.⁷ These sociological arguments have become more prevalent since the late 1990s and seem to have gradually convinced Chinese policymakers that a rising middle class could be a positive element in maintaining political stability. These

sociologists especially stressed that the growth of the middle class would help to reduce the income gap, which the state considered to be one of Chinese society's most serious problems, one that could even trigger political unrest.

Although political leaders seemed to partly accept this view, they have remained distrustful of the middle class. They continue to prefer the term middle-income stratum to the term middle class. In November 2002, Jiang Zemin, then secretary general of the Chinese Communist Party (CCP), stated in his report to the Sixteenth National Party Congress that "expanding the middle-level-income group" was one of the policy targets of the government. Some analysts considered this statement to be a signal that the government would make an effort to develop the middle class, or middle stratum, as defined by the income criterion. But the question arose, how much income makes a person a member of middle class? It is difficult to reach a consensus view. Some believe that if a person has an annual income of \$5,000 or higher he is a member of the middle class. But others think \$30,000 should be the baseline. This is clearly a huge difference. Large disparities of income between urban and rural areas and among regions have made it impossible to arrive at a nationwide standard of income to define the middle class.

Sociological Concept of the Middle Class

Chinese sociologists tend to favor a definition of middle class different from the public and government definitions. They think the public's image of the middle class only describes the upper stratum of the middle class. Ordinary members of the middle class in China do not have high incomes and costly consumption habits; they cannot afford luxurious cars and large houses. Sociologists think that the concept of a middle stratum defined by income alone differs essentially from the concept of a middle class. They point out that such an income group includes diverse people, for whom it is impossible to develop a shared class identity, class consciousness, or class culture.

Thus sociologists usually define the middle class based on occupational classification and employment status. Following the traditional class theories of neo-Marxism and neo-Weberism, sociologists tend to highlight the divisions between employers and employees, as well as those between manual labor and mental labor.⁸ The distinction between white-collar workers and blue-collar workers is believed to be a critical division between the middle class and the working class.⁹

Property ownership is another important criterion to divide the middle class from the upper, capitalist, class. Large owners fall in the upper class. Midsized or small property

owners and self-employed people are middle class. The problem for sociologists is that if all white-collar workers are members of middle class then the size of China's middle class should be very large. Indeed, it would encompass up to 30 percent of the total national population. Obviously, nobody believes the Chinese middle class is this large. Furthermore, most white-collar workers deny that they belong to the middle class because they feel they are far from experiencing the socioeconomic conditions a member of middle class should enjoy.

To solve this problem, sociologists propose adding another criterion—such as education, income, or consumption—to the definition of the middle class. However, different criteria adopted by different sociologists result in huge disparities in the estimated size of the middle class, which range from 4 percent to 25 percent. Corresponding percentages of the urban middle class range from 8 percent to 50 percent.¹⁰

Composition of the Middle Class

Although Chinese sociologists have not arrived at a consistent definition of the middle class, most of them think that it includes various subclasses. They find the subclasses of the middle class to have differing economic conditions, living standards, and sociopolitical attitudes. Some sociologists prefer the plural, middle classes, to the singular, middle class. They argue that distinguishing different middle classes is as important as distinguishing the middle class from the working class or from the upper class. When talking about the economic conditions and sociopolitical characteristics of the middle class, we should be mindful of these differences. A framework outlining the heterogeneous composition of the Chinese middle class will help to clarify its characteristics.

Four Subclasses of the Middle Class

There are four social groups that most Chinese sociologists consider to be the major components of China's middle class.¹¹ One group is private entrepreneurs, whom some refer to as the capitalist class.¹² Another group consists of professionals, managers, and government officials; it is sometimes called the new middle class. A third group, known as the old middle class, is composed of small employers, small business owners, and the self-employed. The fourth group, or the marginal middle class, consists of low-wage white-collar and other workers.

This classification of the middle classes is derived from John H. Goldthorpe's class scheme, one of the most popular classifications of contemporary societies.¹³ Table 1 illustrates the similarities between Goldthorpe's class scheme and that of the author.

Table 1 Four Subclasses of the Middle Class, Two Classification Methods

Goldthorpe's middle-class subclasses	Author's middle-class subclasses for China
I Higher grade professionals	1. Capitalist (employers with 20 or more employees)
II Lower grade professionals	2. New middle class
IVa Small employers with employees	3. Old middle class
IVb Small employers without employees	
IIIa Routine nonmanual employees	4. Marginal middle class
IIIb Personal service workers	
V Technicians and supervisors	Addendum
VIa Skilled workers	Working class
VIIa Semiskilled and nonskilled workers	
IVc Farmers	Farmers/farm labor

Source: John H. Goldthorpe, *Social Mobility and Class Structure in Modern Britain* (Oxford: Clarendon Press, 1987); also see Hsin-Huang Michael Hsiao, ed., *East Asian Middle Classes in Comparative Perspective* (Taipei: Institute of Ethnology Academia Sinica, 1999).

The new middle class is the subclass of the middle class that might have the most significant influence on the direction of sociopolitical change in China. Its members occupy important positions in the social, political, and economic fields. Their institutional affiliations provide them with access to policymakers and elite groups. However, the institutional segmentation between the public and private sectors continues to divide the new middle class into two parts. One part is the group of officials, professionals, and managers in the public sector, including state-owned enterprises, governmental organizations, and institutions funded or controlled by the government. Another part are professionals and managers in the private sector. The public sector group differs from its counterpart in the private sector in terms of its social, economic, and political characteristics.

Private entrepreneurs, or the capitalist class, is an active actor in the economic field and might become a politically actor in the future. Actually, this group has been increasing in its political influence, especially at the local level. But its influence has been restrained by the central government, because top CCP leaders remain suspicious of this group's political loyalty. Both sociologists and the public consider the new middle class and the capitalist class to be typical of China's middle class.

As for the other two subclasses—old middle class and the marginal middle class—although most of the public does not think they count as middle class, sociologists deem them to exist between the working class and the typical middle class. Although the

socioeconomic status of these two groups appears to be lower than that of the new middle class and the capitalist class, some of their members will probably join the new middle class or the capitalist class in the future. The marginal middle class is considered to be younger than other middle-class subclasses and to have higher educational attainment, more democratic consciousness, and greater capacity for political participation. This subclass has lately gained a high profile in the media, mass culture, and on the Internet. They are the most active participants in grassroots social movements and display much more political liberalism than the new middle class. Some analysts imply that China's middle-class mainstream, a relatively politically conservative group, might change when these young people become more dominant.

Growth of the Middle Class

Table 2 lists the percentages of the urban population aged sixteen to sixty composing the four subclasses of the middle class- the capital-ist class, the new middle class, the old middle class, and the marginal middle class-over the period 1982 to 2006. Even though the different methods of classification used across these various data sets means that one cannot reach a perfectly precise estimation, the overall growth trend is clearly reflected in these data.¹⁴

Table 2 Share of the Four Subclasses of the Middle Class, Urban China

Percent					
Year	Capitalist	New middle	Old middle	Marginal middle	[Working] ^b
1982	0.0	13.9	0.1	19.7	66.3
1988	0.1	17.2	3.2	23.8	55.7
1990	0.5	19.6	2.2	19.9	57.8
1995	0.6	22.1	5.5	26.6	45.2
2001	1.5	16.6	10.3	33.2	38.4
2002	1.1	23.6	11.1	29.1	35.1
2005	1.6	21.0	9.7	31.4	36.3
2006	0.6	18.8	19.6	25.4	35.7

Source:

a. Percentages for 1982, 1990, and 2005 are calculated from census data and the 1 percent population survey. Percentages for 1988, 1995, and 2002 are derived from the household income survey of Chinese cities. Percentages for 2001 and 2006 are from the national survey of social structure change and the China General Social Survey (2006); these data include cities and towns (with a lower percentage of new middle class and a higher percentage of old middle class). Others are data of cities.

b. The working class is not, according to the criteria, part of the middle class.

From 1982 to 2006 the new middle class increased by roughly 10 percentage points. The old middle class was almost nonexistent in the early 1980s but by 2006 was nearly 20 percent. This fast growth of the old middle class is one of the most significant characteristics of the development of Chinese middle class. In most Western countries expansion of the new middle class has been followed by a diminution of the old middle class. In Mainland China, however, the old middle class and new middle class have expanded simultaneously. Actually, the number of the old middle class in many mid-sized and small cities, especially towns, is larger than that of the new middle class.

The marginal middle class has also developed quite rapidly. Its percentage increased by about 10 percentage points during this period. The capitalist class first emerged during this period, but its percentage remains small compared to other classes. The rise of the middle class has resulted in a significant shrinking of the working class, which decreased by about 30 percentage points over the period.

The middle class accounted for about 64 percent of the urban population in 2006. If we exclude about 5 percent of the elite class and add in the farmer population in rural areas, the urban middle class is about 60 percent; the country's middle class is about 30 percent. However, if we use the more strict definition of middle class—that composed of only the new middle class and the capitalist class—the percentages of middle class among the urban population and the national population are, respectively, about 18 percent and 9 percent.¹⁵

Distribution of the Middle Class

As a newly rising class, China's middle class has some distinct characteristics in terms of its demography and socioeconomic situation.

Sector and Occupation. China's middle class has been emerging amid tremendous changes in the country's economic conditions, namely, the transformation from a planned economy to a market economy. Previously almost all employees worked in the public sector. In 1982, for instance, all members of the new middle class and the marginal middle class worked in the public sector, and the capitalist class and old middle class did not exist (Table 3). As a result of the economic marketization since the 1980s, the capitalist class and the old middle class began to appear in the private sector. They became the new elements of the middle class.

At the same time, members of the new middle class and the marginal middle class gradually transferred into the private sector. However, most of the new middle class (62.2 percent) and the marginal middle class (54.2 percent) still work in the public sector. This has resulted in an important feature of China's middle class: public sector members have a

closer relationship with the state than private sector members because they depend on the state for their socioeconomic well-being. Some of them, especially the upper new middle class, exert strong influences on policymaking and public opinion.

Table 3 Share of the Middle Class, Two Subclasses and Occupation, Urban China, 1982–2006
Percent

Year	New middle class		Marginal middle class		New middle class		
	Public	Private	Public	Private	Professional	Administrator	Manager
1982	100.0	0.0	100.0	0.0
1988	99.6	0.4	99.6	0.6	70.2	21.7	8.1
1995	99.1	0.9	98.2	1.8	63.7	12.3	23.9
2002	87.0	13.0	76.9	23.1	66.7	12.2	21.1
2006	62.2	37.8	54.2	45.8	71.2	10.3	18.5

Professionals, managers, and administrators of governmental organizations are the three major occupations of the new middle class, but their respective percentages have changed over time. Professionals have accounted for the highest percentage consistently, although the exact figures have fluctuated. The percentage of administrators, however, has declined over time. The percentage of managers was the lowest of the new middle class in 1988, increased sharply in 1995, but has since decreased slightly. Its sharp increase in 1995 might be the result of the rapid development of township and villages enterprises in late 1980s and early 1990s. The slight decrease after 1995 was probably due to the shrinkage of these enterprises as well as to the bankruptcy of many state-owned enterprises.

Table 4 Years of Education and Age, Middle-Class Subclasses, China, 1988–2006
Years

Subclasses of the middle class	Education				Age			
	1988	1995	2002	2006	1988	1995	2002	2006
Capitalist	5.8	9.7	10.9	13.8	41.5	41.2	43.1	35.1
New middle	10.4	12.3	13.2	14.9	42.5	45.6	41.6	36.0
Old middle	6.4	8.1	9.2	9.8	35.1	35.6	39.7	38.3
Marginal middle	8.8	10.6	12.2	13.9	38.7	40.7	39.0	34.9
[Working] ^a	7.3	8.5	9.4	9.3	34.8	41.9	40.7	37.25

Source: a. The working class is not, according to the criteria, part of the middle class.

Education, Age, and Sex.

China witnessed a fast expansion of secondary and tertiary education over the years

1988 to 2006. As a result, the educational level of the middle class also advanced rapidly (table 4). The years of school for the capitalist middle class increased by 8.0 years, that of the new middle class by 4.5 years, that of the old middle class by 3.4 years, and that of the marginal middle class by 5.1 years. In 1988 the capitalists and old middle class had the lowest educational levels, even below that of the working class. By 2006, however, years of schooling increased greatly, especially those of the capitalist class, which was also the class with most economic capital and least cultural capital in the 1980s and 1990s. Now this class possesses not only economic capital but also cultural capital. Its average educational level is now close to that of new middle class.

As for age, the middle class seems to become younger over time, and this is especially true of the capitalist class, the new middle class, and the marginal middle class. The average ages of these three groups decreased by about six years from 1988 to 2006. One plausible reason is that China's overall workforce has become younger as the age of retirement has lowered and a tide of new labor has arrived. However, the average age of the old middle class increased by about three years over the same period.

The sex ratio of the middle class seems to have remained fairly stable over time. Men have consistently been more represented than women across all subsets of the middle class. For example, the female percentage of the new middle class was 38.2 percent in 1988, 39.9 percent in 1995, 38.4 percent in 2002, and 38.8 percent in 2006. That suggests that it is difficult to overcome the advantaged place of men in the middle class.

Table 5 Share of Middle-Class Subclasses by Gender, China, 2006

Percent	New middle				Marginal		
	Capitalist	Professional	Administrator	Manager	Old middle	Marginal middle	[Working] ^a
Male	86.7	48.0	87.5	82.1	55.0	57.9	55.9
Female	13.3	52.0	12.5	17.9	45.0	42.1	44.1

Source: a. The working class is not, according to the criteria, part of the middle class.

The figures in Table 5 show that classes with more power or authority tend to have higher percentages of men. Indeed, the capitalist class has the highest percentage of men (86.7 percent). The gender gap in the new middle class is much smaller than that of the capitalist class because a higher percentage of females than males are professionals. More than 60 percent of the new middle class is male. However, the new middle class groups with most authority (administrators and managers) have higher percentages of men than groups with less authority (professional).

Multiple Identities of the Middle Class

Simultaneously possessing multiple status identities is a very important feature of China's middle class. Very few people self-identify as members of the middle class. According to the Beijing Middle Class Survey of 2007, among all subsets of Chinese middle classes-the capitalist class, the new middle class, the old middle class, and the marginal middle class-only about 10 percent admit that they are members of the middle class. Furthermore, less than one-third of the new middle class identify themselves as members of the middle class. Indeed most of the people whom sociologists define as middle class deny this status. However, they are more willing to admit being members of a middle stratum.¹⁶ In their view, middle class and middle stratum are different concepts. As mentioned earlier, members of the middle class are supposed to be persons with high levels of income and consumption. And members of the middle stratum are thought of as regular people and not at the extremes of wealth or poverty.

Table 6 Share of Middle-Class Subclasses by Father's Class and First Occupation, China, 2001

Percent						
	Capitalist	New middle	Old middle	Marginal middle	[Working] ^a	[Farmer] ^a
Father's class						
Capitalist	0.0	7.9	3.8	8.5	21.1	58.7
New middle	0.0	37.1	2.5	7.7	21.0	31.7
Old middle	0.0	6.6	10.0	2.7	24.3	56.4
Marginal middle	0.0	16.5	1.5	22.6	26.5	32.9
[Working] ^a	0.0	7.1	2.2	4.8	39.5	46.4
First occupation						
Capitalist	2.1	9.1	8.5	13.2	31.2	35.9
New middle	0.9	37.1	2.0	23.7	22.2	14.1
Old middle	0.0	5.1	5.9	5.2	47.6	36.1
Marginal middle	0.0	15.8	1.5	28.2	34.7	19.8
[Working] ^a	0.0	1.8	1.8	7.2	49.8	39.4

Source: a. The working class and the farmer class are not, according to the criteria, part of the middle class.

Family Class Background and First Occupation

As the first generation of the middle class, today's group includes heterogeneous

family backgrounds and diversified occupational experiences, which prevent an identical status identity or class-consciousness from forming. Table 6-6 lists middle-class members by their fathers' class background and by their first jobs.¹⁷ Most members of the capitalist class and the old middle class are from modest family backgrounds. Nearly 60 percent of these two classes came from farmer families and more than 20 percent from working-class families. Although many of the new middle class come from better-off family backgrounds, more than half of them are from farmer and working-class families. Of the middle class as a whole, 65.3 percent are from farmer or working-class backgrounds.

Most members of middle class (56.5 percent) held blue-collar jobs before they entered the middle class. The first jobs of two-thirds of the capitalist class (67.1 percent) were as farmers or blue-collar workers. For the old middle class, the share is 83.7 percent. For the marginal middle class, 54.5 percent were farmers or blue-collar workers before they became middle class. Even among the new middle class, 36.3 percent were first farmers or blue-collar workers.

These two factors-heterogeneous family background and diversified occupational experience, often having a close relationship to farmers and the working class-have had significant impacts on the formation of class identity of China's middle class. They have also erected barriers to the development of a middle-class identity and a common consumption culture.

Inconsistency between Social Status and Economic Status

One cause of a lack of middle-class status identity is an inconsistency between members' social status and their economic status, since income and consumption are the two most important criteria by which the public defines middle-class membership. The public-and the middle class itself-tend to think that the middle class should be composed of high-income earners.

A 2007 study by Li Peilin and Zhang Yi developed a method for determining high income.¹⁸ According to their method, persons with an income more than 2.5 times the average income of an urban area are members of the high-income group. This high-income group is in closer accord with the public image of the middle class. Using the China General Social Survey data to calculate income, the baseline of the high-income group is a yearly income of 28,272 yuan. In other words, according to this income definition, persons with a yearly income of 28,272 yuan or greater are middle class. Based on sociologists' definition, a very low percentage of the middle class has an income higher than this baseline. Table 7 lists the average yearly incomes of the middle class's four subclasses and

the percentage of each that is above this threshold.

Except for the capitalist class, only a low percentage of the middle classes meet this income criterion. Less than one-third of the new middle class, less than one-fifth of the old middle class, and slightly more than one-tenth of the marginal middle class have yearly incomes of more than 28,272 yuan. Among the middle class as a whole, only 18 percent reaches the income threshold. In addition, only the average income of the capitalist subclass is higher than this income baseline; the other three subclasses all have lower average incomes than this baseline. Based on this proportion, we may estimate that only 11 percent of the urban population and 6 percent of the entire population meet both criteria of middle class, that is, the sociological criterion and the public criterion.

Table 7 Average Yearly Middle-Class Income by Middle-Class Subclass, China, 2006

Unit as indicated

Class	Average yearly income (yuan)	Persons with yearly income of more than 28,272 yuan (percent)
Capitalist	49,495 ^a	75.0
New middle	26,422	28.3
Old middle	18,630	16.7
Marginal middle	16,971	11.7
[Working] ^b	11,371	3.7

Source:

a. Amount is much less than actual income because capitalist class data are based mostly on small-size entrepreneurs.

b. The working class is not, according to the criteria, part of the middle class.

This dichotomy between social and economic status has resulted in a bizarre phenomenon. Most members of the middle class, as defined by sociologists, deny that they belong to the middle class and complain about their inability to achieve middle-class living standards. At the same time, this is a strong motivating force for the middle class to pursue their economic interests and strive for such a standard of living. Indeed, more and more members of the middle class have moved into the high-income group in recent years. Table 8 shows an increasing percentage of persons and families reaching this income criterion over time. In 1988 only 0.5 percent of the adult population had incomes higher than 28,272 yuan, and 0.7 percent of urban families had per capita incomes higher than 20,715 yuan. These figures increased in 2006 to 8.6 percent and 5.8 percent, respectively, in cities and towns. Nationwide percentages also increased over time.

Table 8 Share of Urban Middle-Class Individuals and Families Making the Average Income, China, Selected Years, 1988-2006

Year	Income, middle-class individual ^a		Per capita income, middle-class family ^b	
	Urban area	Nationwide	Urban area	Nationwide
1988	0.5	...	0.7	...
1995	0.8	...	0.8	...
2001	3.4	2.1	3.4	1.7
2006	8.6	4.6	5.8	3.0

Source:

a. Percent having yearly income of more than 28,272 yuan. The calculation includes the price index for each year.

b. Percent having per capita yearly income of more than 20,715 yuan (2.5 times of average per capita family income).

The calculation includes the price index for each year.

Conclusion

The middle class is expanding very rapidly in China. Its expansion has been especially obvious in income and consumption, but has also recently expanded in the sociopolitical domain. Since no consensus exists on the definition of middle class, it is hard to estimate the size of China's middle class in a definitive way and to clearly describe its characteristics.

There are many different definitions of middle class. In the public and government's view, the middle class is mainly considered an income group and defined by income and consumption criteria. Sociologists prefer to define the middle class based on occupation and employment. There is a major divergence between the income-defined middle class and the occupation-defined middle class. From a sociological perspective, the income-defined middle class is the upper part of middle class. But as the middle class emerges, the income-defined middle class has become the image most representative of a middle-class lifestyle and culture and will likely remain so.

This diversity of definitions and the vague boundaries may be inevitable when a middle class emerges in a society undergoing such rapid changes to its social structure. How can one estimate the size of this class under such complicated circumstances? Perhaps the pragmatic choice is to do so using a mixture of quantitative and qualitative methods, while incorporating multiple dimensions and different perspectives.

The sociological definition undoubtedly overestimates the real size of China's middle class. Based on occupational classification, it considers all white-collar employees, employers, and self-employed people to be members of the middle class. However, many

white-collar workers and self-employed people lack the socioeconomic status that one would expect of members of the middle class. Some have lower incomes, less education, and unstable employment.

The public definition of the middle class, defined by high income and consumption, usually underestimates the size of the middle class. The two definitions have narrowed the gap between their estimations of the size of middle class, so perhaps combining them will yield a definition that is broadly accepted. Thus the middle class includes these people: private entrepreneurs (the capitalist class); professionals, managers, and officials with stable middle or high incomes (the new middle class); and some small business owners or self-employed persons with stable middle, or high incomes (the old middle class). This definition is closest to the real meaning of the concept of middle class. According to such a definition, the size of the Chinese middle class is 10~12 percent of the national adult population and 20~25 percent of the urban adult population.

The size of the middle class estimated by sociologists, and based on the four-subset classification (capitalist class, new middle class, old middle class, and marginal middle class), is about 30 percent of the national adult population and 60 percent of the urban adult population, much higher than the percentages of the combined definition. However, such high percentages may not be completely unfounded. They may overestimate the current situation but may become true in the coming years as long as the economy continues to grow steadily. The income of these four groups, after all, has been increasing significantly in recent years. It will not take long for most members of these four groups to reach the alleged economic status of the middle class.

Additionally, the sociological classification of the middle class introduced by this chapter is a useful framework within which to understand the present situation of China's middle class, although it does admittedly overestimate its size. China's middle class is made up of four major social groups with different socioeconomic characteristics. As a new and emerging class, it is a heterogeneous group that lacks a shared identity. Most members of the middle class have close relations with the working class. It seems impossible for such varied group to become a real class with a coherent identity, culture, and sociopolitical attitudes and values.

In other countries, the new middle class has led middle-class culture, which sometimes dominates the entire society's values. In China like-wise, the new middle class has played a key role in helping to develop a leading culture and certain values and political views. But the capitalist class and the old middle class (which run micro enterprises and small enterprises and are private entrepreneurs and small property owners, most of whom have

modest backgrounds and low educational levels), have a very different culture and value system than the new middle class.

In addition, the new middle class itself is separated into two groups: public sector and private sector. These two parts of the new middle class have differing sociopolitical attitudes, especially concerning the state and its policies. More than half of the new middle class is located in the public sector. This part of the middle class has the most influence on the government's policies because of their close relationship to the government, but they are sometimes criticized by members of the middle class because of this perceived dependence on the authorities.

In summary, multiple orientations coexist among China's middle class today, and it has a long way to go before it forms a homogeneous middle-class identity and culture.

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11. This classification of middle class is a revised version of class scheme developed by East Asian Middle Class Project. Hsin-Huang Michael Hsiao, ed., East Asian Middle Classes in Comparative Perspective (Taipei: Institute of Ethnology Academia Sinica, 1999), p. 9.
12. The capitalist class is not classified as a part of middle class in classifications of other societies. However, capitalists, named as private entrepreneurs, are supposed to be an important part of middle class in China. That is because the Chinese capitalist class is a new class, and its appearance is changing the original class structure and symbolizes the rise of middle class.
13. John H. Goldthorpe, Social Mobility and Class Structure in Modern Britain (Oxford: Clarendon Press, 1987); Li, Duanlie yu suipian: Dangdai Zhongguo shehui jiecen fenhua shizheng fenxi, pp. 71-73.
14. Calculation of the sizes of classes mainly depends on occupation and a few of other, related variables (such as the employment situation). However, different data have different categories of occupation and different definitions of the employment situation. In addition, census data (1882, 1990, 2000), the 1 percent population survey (2005), and the household income survey (1988, 1995, 2002) provide less detail. But the national survey of social structure change (2001) and the China General Social Survey (2006) have more detail for classifying classes. That makes it impossible to precisely estimate the exact size of subclasses. Though the percentages in Table 6-2 fluctuate, the trend-expansion of the middle class is quite clear.
15. Although the old middle class and the marginal middle class are classified by the criterion of occupation into middle class, most people think of these two groups as between middle class and working class because their socioeconomic status is lower than that of the regular middle class and higher than that of the working class.
16. The surveys of 2001, 2006, and 2007 all ask about social stratum. Social strata have five categories: upper, upper-middle, middle, lower-middle, and lower. More than 90 percent of members of the middle class classify themselves as upper-middle stratum, middle stratum, and lower-middle stratum; about 60 percent classify themselves as middle stratum. However, only a few identify themselves as middle class. This confuses researchers who use the criterion of subjective identity to estimate the size of the Chinese middle class. If they use social stratum to calculate the size of middle class, about 60-70 percent of the total population is middle class. But the percentage becomes lower than 10 percent if they use class ("middle class") as the category.
17. The earliest class of a person is determined by his first occupation in the labor market. Present class position is probably different from the early position if his occupation changed. Sociologists study social mobility by observing changes of occupation and class position of individuals.
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